

# 2013

## Office of Accounting Business Plan



City of Sugar Land

OFFICE OF ACCOUNTING BUSINESS PLAN

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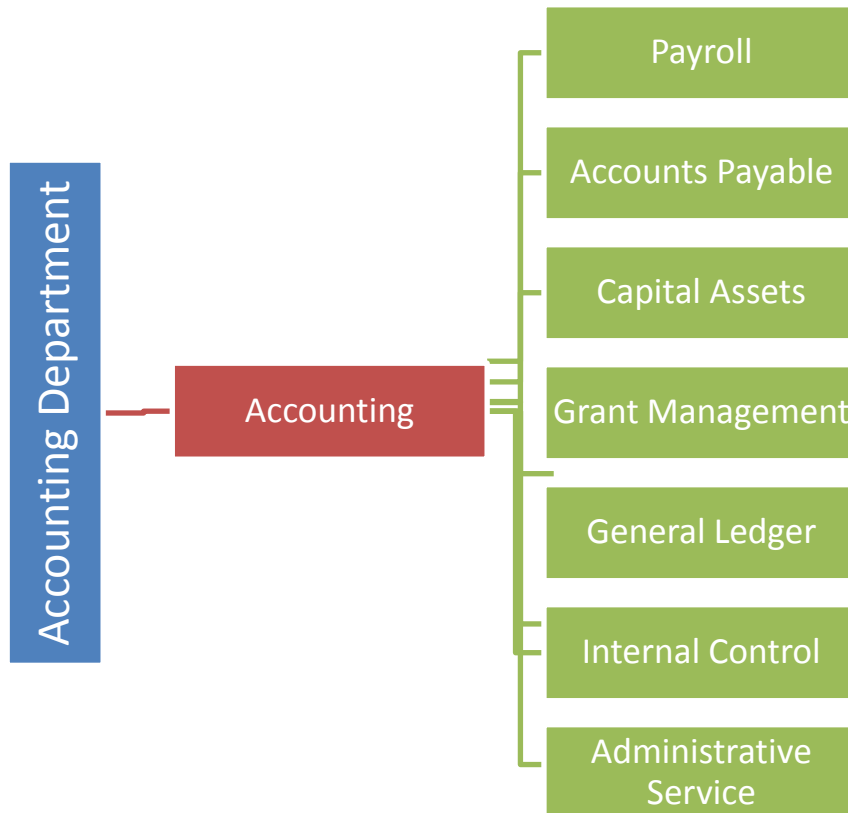
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# OFFICE OF ACCOUNTING

## 2013 BUSINESS PLAN

### FUNCTIONAL STRUCTURE



## 2013 PROGRAM OF SERVICES

### ACCOUNTING

#### PROGRAM SUMMARY

The Office of Accounting is responsible for providing financial information to management, investors and the public as part of the City's efforts to be transparent. To achieve accurate financial reporting we must identify all financial transactions and record them in a timely manner. Accurate and timely financial reporting is a result of efficient and effective processes which includes reasonable internal controls. Accounting is responsible for monitoring these processes and ensuring compliance with accounting standards, laws and policies. This contributes towards achieving the City's strategic goal of being a financially sound City.

Accounting serves both external and internal customers. The services provided include Accounts Payable, Payroll, Capital Assets, Grant Management, General Ledger, Internal Control, and Administrative Services.

#### SERVICES AND SERVICE LEVELS

##### Service: Payroll

The City operates on a bi-weekly payroll system. Paychecks are issued twenty six (26) times a calendar year except every seven years there are twenty seven (27) pay periods.

The Payroll staff works closely with the Human Resources Department to accurately process internal payroll status change forms for new hires, merit increases, terminations and reclassifications. They also handle requests for benefit & deduction changes for the health insurance and 457 plans. All external garnishment orders for child support, IRS levies, bankruptcy orders & student loans are processed accurately. Deducted funds are forwarded to the respective agencies in a timely manner.

Payroll processes bi-weekly payrolls and other compensations to City employees and officials and transmits the direct deposit file to the City's depository bank on Wednesday, the week of payroll. Payments are in compliance with Fair Labor Standards Act, Federal and State laws and City policy. In order to calculate accurate pay, Payroll staff must work closely with Payroll Liaisons in each department. Training is offered to all Liaisons on an as-needed basis. Training includes the use of various pay codes, completion of time sheets and data entry of hours, including understanding of split pay cycles for 9/80 schedules.

The Payroll staff is responsible to submit the Wage report with the Texas Municipal Retirement System by the 10<sup>th</sup> of every month for the previous month. The report includes gross wages, employee contributions and employer contributions for all full-time employees. They also file Unemployment

Wage reports with the Texas Workforce Commission and Form 941 with the Internal Revenue Service by the end of the month after the close of every quarter. They prepare and distribute W-2 forms in compliance with IRS regulations to all employees by January 31.

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**Service: Accounts Payable**

Accounts Payable (AP) generates payments to vendors, other governments, employees and City customers. Financial obligations are accurately and timely paid and recorded in the City's official accounting system. Payments are in compliance with the City's policies and in accordance with the "prompt payment law" (Tex. Government Code, Chapter 2251) which establishes when payments are due. This law stipulates a payment is due for goods or services 30 days from the date goods/services are completed, or a correct invoice is received, whichever is the later of the two. Early payments are made to take advantage of discounts offered by vendors.

In order to process all valid obligations for the City, the AP staff is responsible for a variety of functions associated with the process of making non-payroll payments to vendors and employees. Accounts Payable functions include verifying, entering, and processing data from all vendor invoices and disbursement requests, which results in the issuance and distribution of payments. The staff is also responsible for maintaining a filing system associated with these functions in accordance with record retention guidelines.

To maintain an effective process, the check run is scheduled on Wednesday, with the exception of special requests. Additionally, the AP staff is encouraging vendors to enroll in the Electronic Fund Transfer (EFT) program to increase efficiency. Checks are reviewed by the Accounts Payable Supervisor and mailed on or before Friday. EFT payments are reviewed and approved prior to the creation of the electronic file. The file is transmitted to the City's depository bank on Wednesday and funds are made available to the vendors on Friday.

It is the responsibility of the AP supervisor to review and approve all payments to ensure accuracy and compliance with City policies and laws. The supervisor also oversees the reconciliation of retainage and payable accounts and prepares the schedules needed for the annual audit.

To meet IRS reporting requirements, form 1099 are prepared and mailed on or before January 31.

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**Service: Capital Assets, CIP & Stock Inventory**

Tangible items are capitalized only if they have an estimated useful life of at least one year following the date of acquisition or significantly extend the useful life of the existing asset and cannot be consumed, unduly altered, or materially reduced in value immediately by use and has a cost of not less than \$5,000 for any individual item.

To maintain adequate control over non-capitalized tangible items, items costing \$1,000 to \$4,999 are monitored and tracked through the City's financial software system.

Capital Assets service objective is to safeguard the City's assets by maintaining a current and accurate City asset database. This is achieved by monitoring transactions and working with the operating departments to identify assets that need to be added or removed from the fixed asset database. This also requires performing an annual physical count of selected asset categories.

This service also monitors the City's CIP projects to ensure that all infrastructures is properly accounted for and the appropriate funding source is utilized. The staff meets with the City Engineer on a quarterly basis to review assets contributed by Developers and to discuss the projects that are substantially completed.

For stock inventory, the staff works with Fleet, Purchasing and Accounts Payable to ensure all receipts and issues are accounted for. Furthermore, the staff reconciles the actual quantity on hand with the inventory system and the general ledger of all inventory items annually, except for fuel inventory, which is completed on a quarterly basis.

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#### **Service: Grant Management**

Grant Management meets with the department that requests and receives a specific grant to clarify the role and responsibilities of each staff member. The staff assists operating departments with financial reporting and reimbursement requests. It also prepares required schedules for the Single Audit and participates in Federal/State audit to answer finance-related questions.

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#### **Service: General Ledger (GL)**

The General Ledger is the accounting service that ensures all financial transactions are identified, properly valued and accurately and timely recorded in conformity with generally accepted accounting principles. Monthly financial reports are prepared on the modified accrual basis and the annual financial reports (CAFR) on the full accrual basis. The service level objective is to produce monthly financial reports for management's review in compliance with the City's Financial Management Policy Statements and to annually receive an unqualified independent audit opinion.

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#### **Service: Internal Control**

Every employee within the City has a role in internal controls. The directors have oversight responsibility for internal controls within their departments. Managers and supervisors are responsible for developing and executing departmental and/or citywide policies and procedures. The Office of Accounting is responsible for reviewing the effectiveness of departmental policies and procedures to protect City resources against waste, fraud and inefficiency and for making recommendations where control improvements are needed. Activities performed include various monthly reconciliations, quarterly petty cash and change fund counts and annual and/or periodic physical inventories of stock and capital assets.

Internal controls also ensure all financial events are consistently processed accurately and are posted to the City's official financial system to provide reliable financial information on a timely basis.

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**Service: Administrative Service**

The primary responsibility of this service is to ensure the accounting function performs effectively and efficiently.

Administrative service contracts with outside consultants for audit, banking, and bond arbitrage services. The Chief Accountant sends out the requests for proposals, forms a committee to review the proposals and awards the contract to the selected firm, per recommendation of the Committee.

This service updates the inter-departmental policies for the office of Accounting.

The Chief Accountant leads the City's financial audit. The audit has two phases. Interim audit is performed around mid-July or beginning of August, and the final audit is performed in the beginning of December. All the audit schedules are reviewed by the Chief Accountant for accuracy prior to submission to the auditors. The CAFR (Comprehensive Annual Financial Report) is also reviewed for accuracy. The findings of the audit are discussed with the City Manager and the City Council Finance/Audit Committee. This service is responsible to ensure that the CAFR is filed with the Council by the first City Council meeting in February.

The Chief Accountant serves as one of the City's three Investment Officers. All purchases are verified by the Chief Accountant. The monthly investment reports are reviewed for accuracy and approved by the Chief Accountant before they are released for inclusion in the monthly financial packet and forwarded to the City's arbitrage consultant for arbitrage calculation.

The Chief Accountant serves as a resource to all departments on all financial-related matters.

## SERVICE LEVEL EXPECTATIONS

Program: Accounting	
Service (Activity)	Service Level Expectation
<b>Process bi-weekly payroll</b>	Process accurate bi-weekly payroll in compliance with the City policies, FLSA and Federal & State regulations; Transmit the direct deposit file to the City's depository bank on Wednesday, the week of payroll, Ensure employees contributions to health savings account are forwarded to the bank and the bank credits their accounts; file state and federal reports quarterly, Prepare and distribute W-2 in compliance with IRS regulations before January 31.
<b>Accounts Payable</b>	Prepare and disburse all payments within agreed terms with vendors or Chapter 2251 of Texas Local Government Code and in compliance with the City policies & State regulations; Take advantage of discounts offered by paying invoices earlier; Issue 1099 in compliance with IRS regulations.
<b>Capital Asset</b>	Safeguard the City's assets by maintaining a current and accurate database and conducting periodic inventory of selected group of assets; Meet with the City Engineer quarterly to discuss developer contributions and CIP projects that are substantially completed to ensure accuracy of infrastructure inventory.
<b>Grant Management</b>	Financial management of all Federal and State grants in compliance with grant agreement; Prepare schedules for Single audit; Serve as financial representative in all Federal/state audit.
<b>General Ledger</b>	Accurate & timely recordkeeping and reporting of financial transactions; Prepare monthly financial statements by 15 <sup>th</sup> .
<b>Internal Control</b>	Review procedures for a selected department. Receive an Unqualified audit opinion
<b>Administrative services</b>	Oversight of Accounting function and management of contractual agreements; Review and update Accounting policies; Serve as Investment Officer; Review and file CAFR with the City Council by first meeting in February.